

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6933**

**BILL NUMBER:** HB 1153

**DATE PREPARED:** Dec 26, 2001

**BILL AMENDED:**

**SUBJECT:** Teachers employed at state institutions.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill specifies a grievance procedure for teachers who are employed by the state. It specifies that the salary schedules for compensation of teachers at state institutions must: (1) include a daily rate of pay, an additional amount that equals the total amount of employer contributions made to all local retirement plans, and a severance benefit payable to retiring teachers; and (2) be equal to the salaries, the employer contributions to local retirement plans, and the severance benefits paid by the school corporation having the greatest enrollment in the county where the employing institution is located. The bill requires the state to provide a group health insurance program to retired state employees who were employed as teachers if the person was employed and participated in the employee's retirement fund for ten years immediately preceding retirement. It makes conforming amendments.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** *Grievance Procedures:* The grievance procedure specified by the bill will have little or no fiscal impact.

*Background Information:* There are about 497 teachers in these state institutions with total salaries of about \$29.3 M.

*Compensation Benefits:* The impact of including other wage-related benefits, including retirement and severance benefits, is unknown but could be significant. The value of severance and early retirement benefits of local schools ranged between \$4,950 and \$199,486 for the 2000-01 school year. The average was \$19,403 for severance benefits and \$70,307 for early retirement benefits. If 30 teachers left the state institutions, then the impact could be about \$583,000 for severance benefits or about \$2.7 M for early retirement benefits.

*Group Health Insurance:* The bill allows a state employee who taught in a state institution under the Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of

Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and Sailors' Children's Home, or Silvercrest Children's Development Center who retired between age 55 and 65 with 10 years of service to participate in the state health insurance program. Currently, an employee would need 20 years of service. The number of people who would qualify is unknown, but the impact would probably be minor.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Personnel, Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and Sailors' Children's Home, and Silvercrest Children's Development Center

**Local Agencies Affected:**

**Information Sources:** Keith Beesley Department of Personnel , 317-232-3062